

HIGHLIGHTS

- EC YOUTH UNEMPLOYMENT IS AT A RECORD HIGH
- MANUFACTURING INDUSTRY CONTINUES TO LOSE THE MOST JOBS

The Eastern Cape Quarterly Review of the Labour Market is a statistical release compiled by the Eastern Cape Socio Economic Consultative Council (ECSECC). The aim of the publication is to analyse the latest developments in the Eastern Cape labour market. The analysis is extended to include employment and unemployment dynamics for the two metropolitan cities in the province. The data used in the report is drawn from Statistics South Africa's Quarterly Labour Force Survey (QLFS). This issue covers the third quarter of 2018 (2018Q3)

UNEMPLOYMENT RATE

South Africa & SA Provinces

The official unemployment rate increased by 0,3 of a percentage point at the national level in 2018Q3 compared to 2018Q2. Five of the nine provinces decreased the rate and the largest declines were recorded in Northern Cape (down by 1,9 percentage points), Mpumalanga (down by 0,7 of a percentage point), and Limpopo (down by 0,4 of a percentage point).

The unemployment rate increased in four provinces; KwaZulu Natal (up by 1.4 percentage points); Eastern Cape (up by 1.2 percentage points); Free State and North West (each up by 1.9 percentage points).

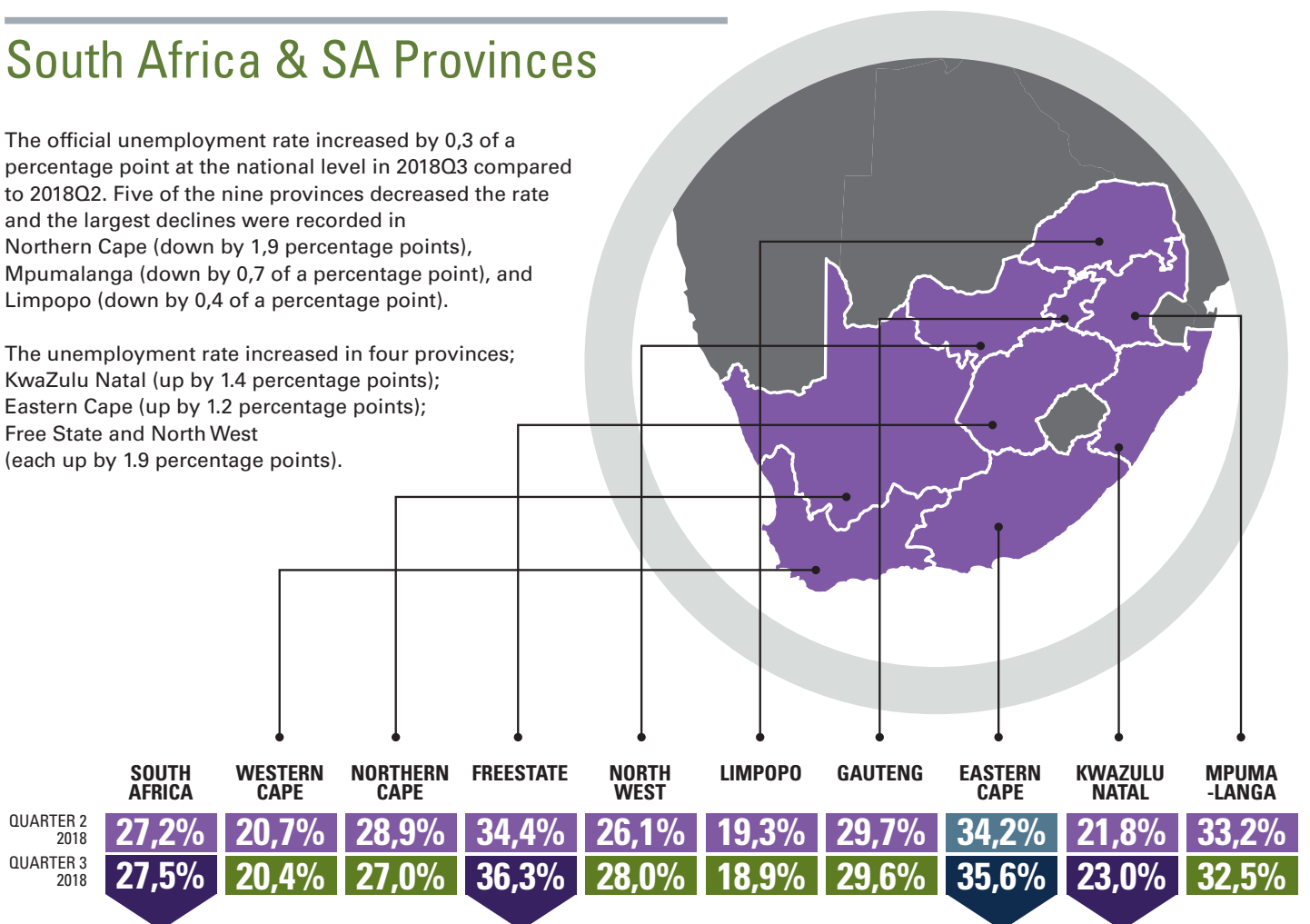


Figure 1

EASTERN CAPE OVERVIEW

Figures for the third quarter of 2018 released by Statistics South Africa, reveal that the Eastern Cape working-age population increased by 12 000 or 0.3% in the third quarter of 2018 compared to the second quarter of 2018. The number of employed persons was recorded at 1 390 00 and the number of unemployed persons increased by 3 900 to 769 000 in 2018Q3. Discouraged work-seekers in the province declined by 47 000 to 365 000 in 2018Q3. This indicates that more people are actively looking for employment.

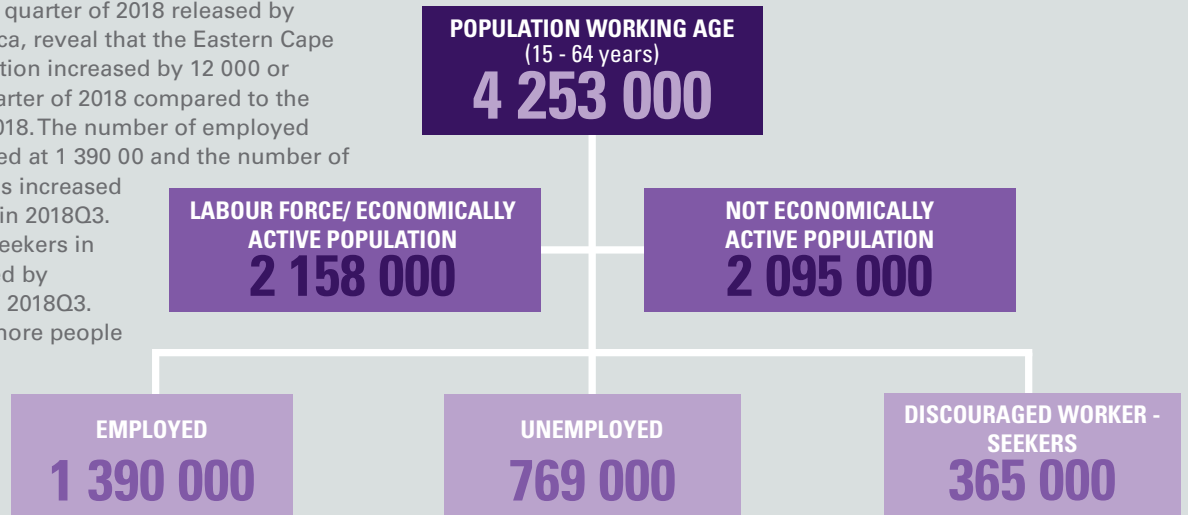


Figure 2

EASTERN CAPE METROS

The Nelson Mandela Bay unemployment rate increased from 35.0% in 2018Q2 to 36.4% in 2018Q3. In total, 11 000 jobs were lost in the Metro.

Unemployment challenges are uneven in the two metros: 91 000 in the BCM and 200 000 in NMBM. The labour force in the NMBM (548 000) is larger than that in the BCM (339 000). In 2018Q3 the unemployment rate of NMBM (36.4%) was significantly higher than BCM (27.0%) and South Africa (27.5%), and marginally higher than the provincial average (35.6%). The unemployment rate fell by 1.7 percentage points from 28.7% in 2018Q2 to 27.0% in 2018Q3 in BCM. In NMBM, however, the unemployment rate rose by 1.4 percentage points from 35.0% in 2018Q2 to 36.4% in 2018Q3. Out of eight metros in the country, four decreased the unemployment rate in 2018Q3: City of Cape Town (down by 0.2 percentage points to 21.1%), Buffalo City (down by 1.7 percentage points to 27.0%), Ekurhuleni (down by 2.5 percentage points to 30.9%) and eThekweni (down by 1.1 percentage points to 18.2%).

The formal sector in both the BCM and NMBM employs more people than the informal sector. In 2018Q3, BCM employed 181 000 people in the formal sector and 49 000 people in the informal sector. NMBM employed 259 000 people in the formal sector and 66 000 people in the informal sector. In NMBM there has been a significant decline in the number of people in the formal sector (11 000 QoQ). However, the informal sector saw an increase in the number of people employed of about 7 000. This is a worrying trend as the informal sector does not provide stable and secure jobs. While NMBM has a larger economy, BCM has a higher labour absorption capacity than the NMBM. The labour absorption capacity of BCM and NMBM is 48.1% and 42.1% respectively.

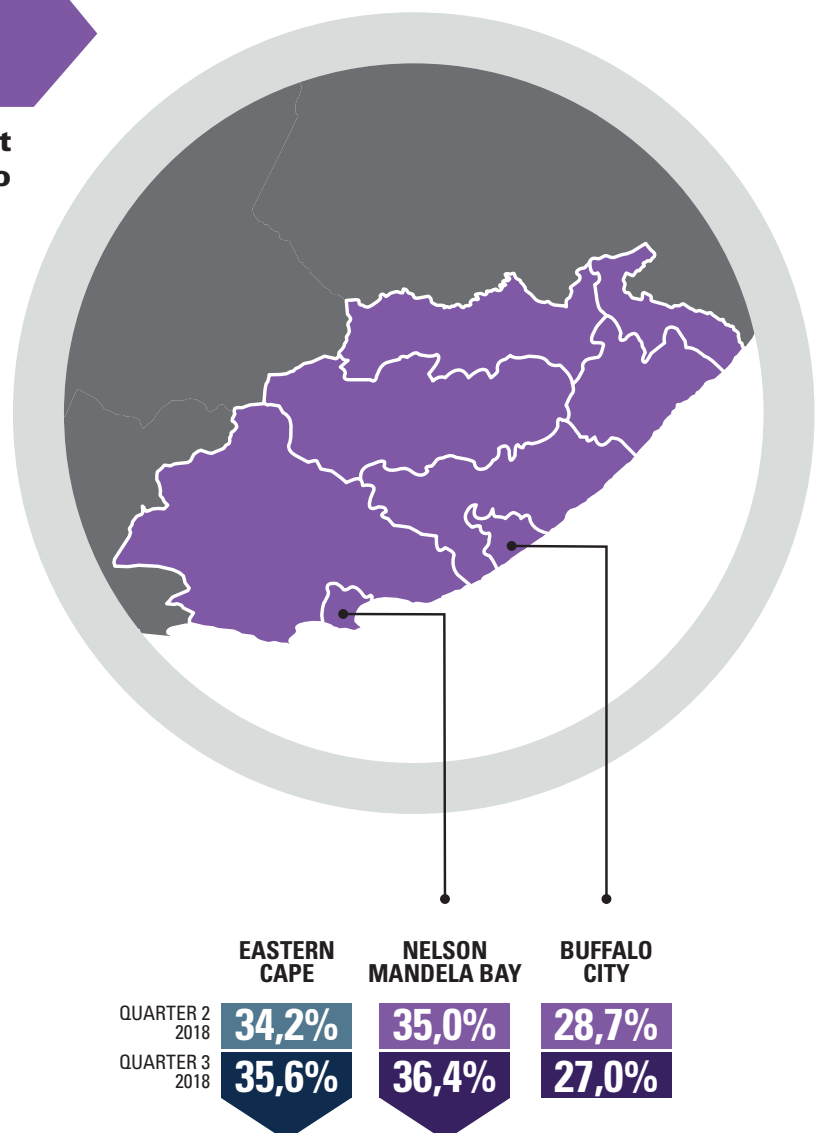


Figure 3

EASTERN CAPE YOUTH UNEMPLOYMENT RATE (%)

Youth unemployment remains a crucial issue on a national and provincial level. The South African youth unemployment rate was recorded at 39.0% in 2018Q3. Free State (48.6%) and Eastern Cape (47.3%) had the highest youth unemployment rates. Figure 4 indicates that youth unemployment in the Eastern Cape continues to rise, reaching 47.3% in 2018Q3.

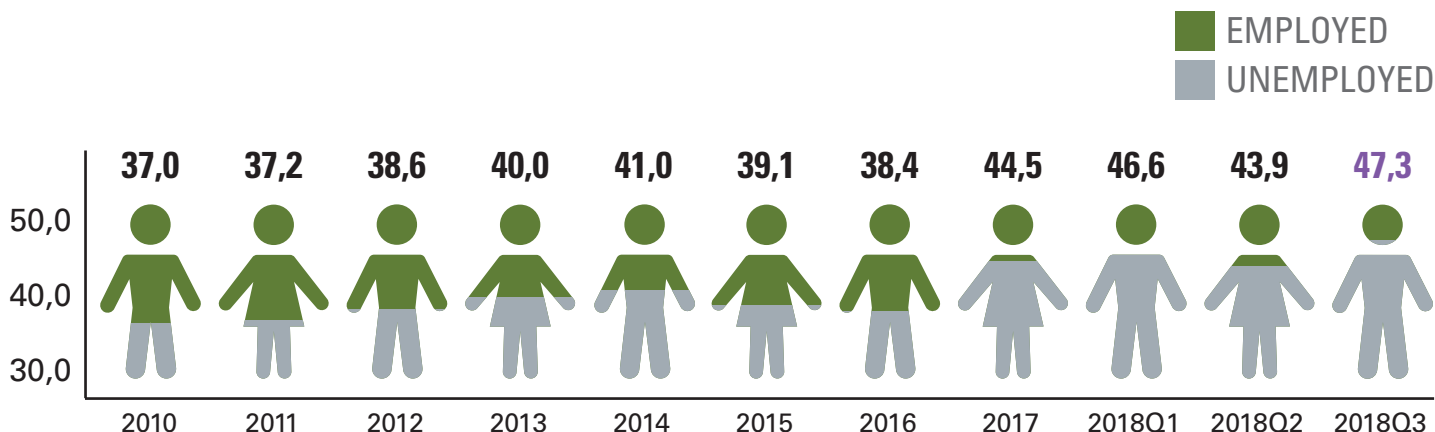


Figure 4

Source: ECSECC, Quantec Research & Statistics South Africa, QLFS (Nov 2018)

UNEMPLOYED WITH TERTIARY EDUCATION

The total number of unemployed people with tertiary education in South Africa is 504 432. Figure 5 shows that 34% of them are in the Gauteng province and 12% in Eastern Cape. The Northern Cape province has the small share (1%) of the total number of the unemployed with tertiary education. The total number of unemployed people with a tertiary qualification in the Eastern Cape is 60 210.

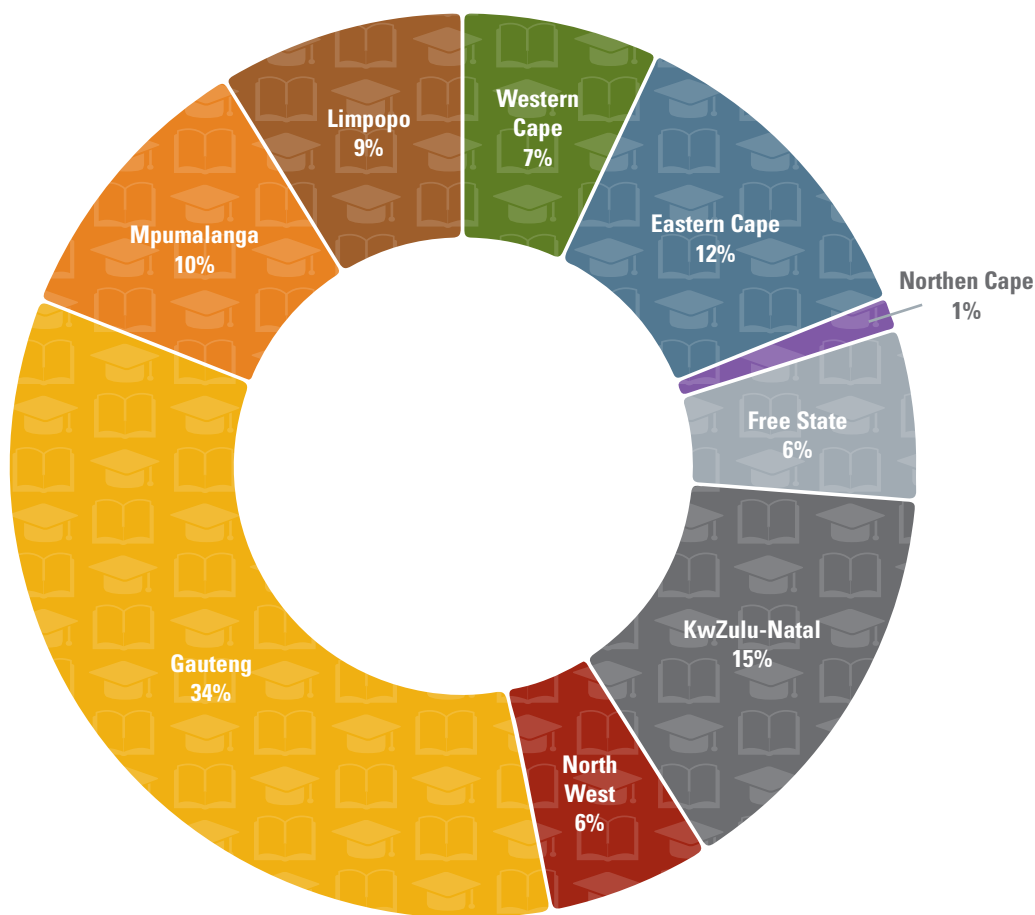


Figure 5

Source: ECSECC & Quantec Research, 2018

EMPLOYMENT BY SECTOR

2018Q3 Jobs lost and gained in the Eastern Cape ('000)

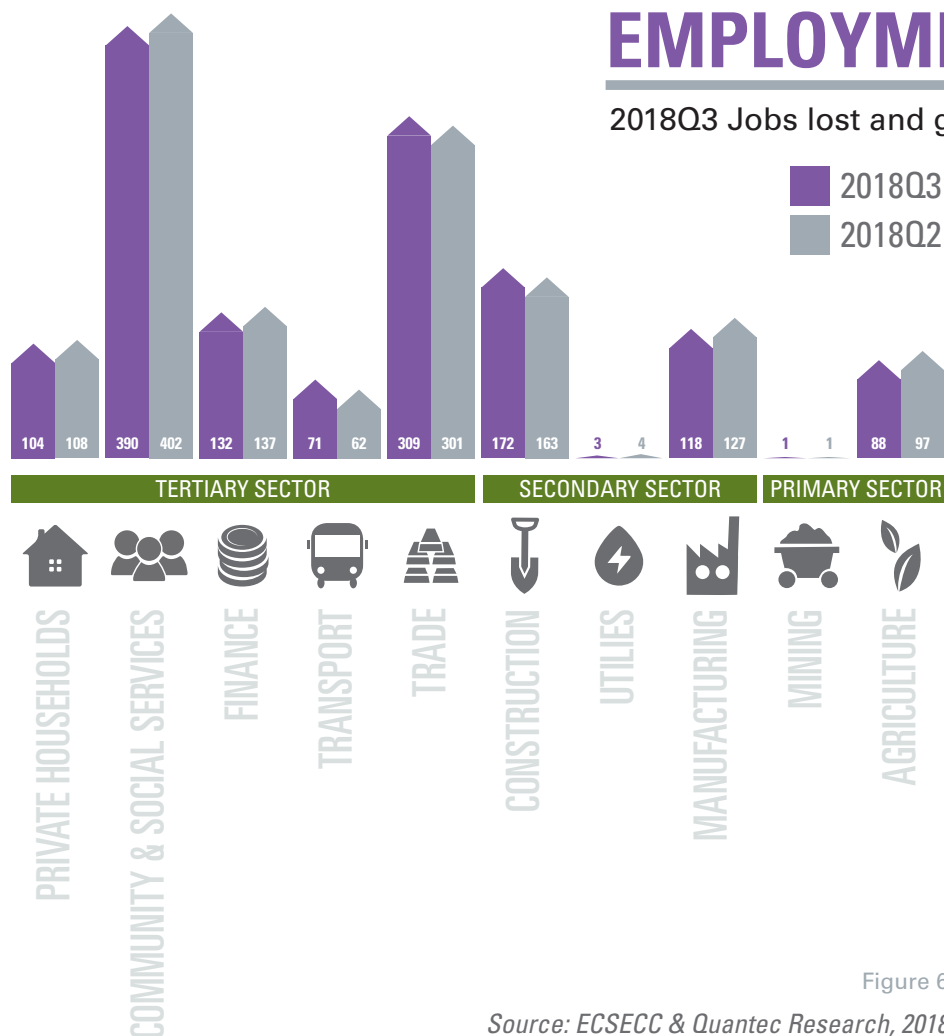


Figure 6 represents employment by industry and sector. In 2018Q3, jobs were gained in some sectors (27 000) and jobs were lost in other sectors, for example the Manufacturing sector lost 17 000 jobs. Trade industry created 15 000 jobs whilst Manufacturing lost 17 000 jobs. The largest sectors in the province, Community and Social, shed jobs to the tune of 12 000 and Trade created 8 000 in 2018Q3.

In this report, we have taken a closer look at the Eastern Cape labour market and the labour dynamics in the two Eastern Cape Metropolitan Municipalities: Buffalo City and Nelson Mandela Bay. According to Stats SA (QLFS, 2018), in 2018Q3, the Eastern Cape recorded a loss of 17 000 jobs on quarter-on quarter basis. The Eastern Cape still suffers from high unemployment, recording 35.6% unemployment in 2018Q3. This rate is higher than the national unemployment of 27.5%. The country is also facing an issue of rising youth unemployment rate. Eastern Cape youth unemployment is at a record high of 47.3% in 2018Q3, making it the second highest after Free State with 48.6% youth unemployment. National youth unemployment was recorded at 39.0%.

Figure 6

Source: ECSECC & Quantec Research, 2018

SUMMARY OF EASTERN CAPE LABOUR MARKET ('000)

| | Eastern Cape | | Buffalo City | | Nelson Mandela Bay | |
|---|--------------|------------|--------------|------------|--------------------|------------|
| | 2018Q3 | QoQ change | 2018Q3 | QoQ change | 2018Q3 | QoQ change |
| Population working age (15-64 yrs) | 4253 | 12 | 514 | 1 | 815 | 3 |
| Labour force/ EAP | 2158 | 26 | 339 | -3 | 548 | -6 |
| Total Employment | 1390 | -13 | 247 | 4 | 348 | -11 |
| Formal (non-agricultural) | 859 | -25 | 181 | 5 | 259 | -11 |
| Informal (non-agricultural) | 339 | 25 | 49 | -3 | 66 | 7 |
| Agriculture | 88 | -9 | 1 | -2 | 0 | -3 |
| Private households | 104 | -4 | 16 | 4 | 23 | -5 |
| Unemployed | 769 | 39 | 91 | -7 | 200 | 6 |
| Not economically active | 2095 | -14 | 175 | 4 | 267 | 9 |
| Discouraged work-seekers | 365 | -47 | 15 | -12 | 2 | 1 |
| Other (not economically active) | 1730 | 34 | 161 | 16 | 266 | 8 |

Source: ECSECC & Quantec Research, 2018

DEFINITIONS

The labour force comprises all persons who are employed plus all persons who are unemployed.

The working-age population comprises all persons aged 15-64 years.

Unemployment rate is the proportion of the labour force that is unemployed.

Labour force participation rate is the proportion of the working-age population that is either employed or unemployed

Employment-to-population ratio (labour absorption rate) is the proportion of the working-age population that is employed.

Discouraged work-seeker is a person who was not employed during the reference period, wanted to work, was available to work/start a business but did not take active steps to find work during the last four weeks, provided that the main reason given for not seeking work was any of the following: no jobs available in the area; unable to find work requiring his/her skills; lost hope of finding any kind of work.

Unemployment and Not in Employment, Education or Training (NEET)-Those young people (15-24 years) who are categorised as NEET are considered to be disengaged from both work and education.

Expanded unemployment is the unemployment rate which includes the discouraged work seekers.

Unemployed persons (aged 15-64 years) who:

- Were not employed in the reference week; and
- Actively looked for work or tried to start a business in the four weeks preceding the survey interview; and
- Were available for work, i.e. would have been able to start work or a business in the reference week; or
- Had not actively looked for work in the past four weeks, but had a job or business to start at a definite date in the future and were available.